



Senate

General Assembly

January Session, 2013

File No. 200

Senate Bill No. 1030

Senate, March 27, 2013

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING SERVICE OF PROCESS ON THE INSURANCE COMMISSIONER.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-25 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) The Insurance Commissioner is the agent for receipt of service of
4 legal process on the following:

5 (1) [Foreign] In accordance with subdivision (2) of subsection (b) of
6 this section, foreign and alien insurance companies authorized to do
7 business in this state in any proceeding arising from or related to any
8 transaction having a connection with this state.

9 (2) Fraternal benefit societies authorized to do business in this state.

10 (3) Insurance-support organizations as defined in section 38a-976,
11 transacting business outside this state which affects a resident of this
12 state.

- 13 (4) Risk retention groups, as defined in section 38a-250.
- 14 (5) Purchasing groups designating the Insurance Commissioner as
15 agent for receipt of service of process pursuant to section 38a-261.
- 16 (6) Eligible surplus lines insurers authorized by the commissioner to
17 accept surplus lines insurance.
- 18 (7) Except as provided by section 38a-273, unauthorized insurers or
19 other persons assisting unauthorized insurers who directly or
20 indirectly do any of the acts of insurance business as set forth in
21 subsection (a) of section 38a-271.
- 22 (8) The Connecticut Insurance Guaranty Association and the
23 Connecticut Life and Health Insurance Guaranty Association.
- 24 (9) Insurance companies designating the Insurance Commissioner
25 as agent for receipt of service of process pursuant to subsection (h) of
26 section 38a-85.
- 27 (10) Nonresident insurance producers and nonresident surplus lines
28 brokers licensed by the Insurance Commissioner.
- 29 (11) Life settlement providers and life settlement brokers licensed by
30 the commissioner.
- 31 (12) Nonresident reinsurance intermediaries designating the
32 commissioner as agent for receipt of service of process pursuant to
33 section 38a-760b.
- 34 (13) Workers' compensation self-insurance groups, as defined in
35 section 38a-1001.
- 36 (14) Persons alleged to have violated any provision of section 38a-
37 130.
- 38 (15) (A) Captive insurers, as defined in section 38a-91k, and (B)
39 captive insurance companies, as defined in section 38a-91aa, if a
40 registered agent cannot be found with reasonable diligence at the

41 registered office of a captive insurance company.

42 (b) (1) Each foreign and alien insurance company authorized to do
43 business in this state shall appoint a person in this state as agent for
44 receipt of service of legal process in any proceeding arising from or
45 related to any transaction having a connection with this state.

46 (2) If (A) such company fails to appoint or maintain an agent
47 pursuant to subdivision (1) of this subsection, (B) the agent appointed
48 pursuant to subdivision (1) of this subsection cannot, with reasonable
49 diligence, be found, or (C) such company's certificate of authority is
50 revoked, the Insurance Commissioner is the agent for receipt of service
51 of legal process for such company.

52 [(b)] (c) Each foreign and alien insurer by applying for and receiving
53 a license to do insurance business in this state, each fraternal benefit
54 society by applying for and receiving a certificate to solicit members
55 and do business, each surplus lines insurer declared to be an eligible
56 surplus lines insurer by the commissioner, each insurance-support
57 organization transacting business outside this state that affects a
58 resident of this state, and each unauthorized insurer by doing an act of
59 insurance business prohibited by section 38a-272, shall be considered
60 to have irrevocably appointed the Insurance Commissioner as agent
61 for receipt of service of process in accordance with subsection (a) of
62 this section. Such appointment shall continue in force so long as any
63 certificate of membership, policy or liability remains outstanding in
64 this state.

65 [(c)] (d) The commissioner shall be the agent for the executors,
66 administrators or personal representatives, receivers, trustees or other
67 successors in interest of the persons specified under subsection (a) of
68 this section.

69 [(d)] (e) Any legal process that is served on the commissioner
70 pursuant to this section shall be of the same legal force and validity as
71 if served on the principal.

72 [(e)] (f) The right to effect service of process as provided under this
73 section shall not limit the right to serve legal process in any other
74 manner provided by law.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2013</i>	38a-25
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INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 14 \$	FY 15 \$
Insurance Dept.	IF - Savings	Minimal	Minimal
Insurance Dept.	GF - Revenue Loss	75,000	100,000

Municipal Impact: None

Explanation

This bill changes the process of service procedures for certain insurers. The Insurance Department receives approximately 1,000 of these suits annually. These changes will eliminate copying and mailing responsibilities for the suits at the Insurance Department, which will result in a minimal administrative savings. Additionally, the Department will lose the \$50 fee it receives for each suit. This will result in a revenue loss for the General Fund of approximately \$100,000 annually.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 1030*****AN ACT CONCERNING SERVICE OF PROCESS ON THE INSURANCE COMMISSIONER.*****SUMMARY:**

This bill requires each non-domestic insurer authorized to do business in Connecticut to appoint an agent for service of legal process in any proceeding arising from or related to any transaction connected to the state. Currently, the insurance commissioner is the agent.

The bill requires the commissioner to act as the agent for service of process for a non-domestic insurer if the (1) insurer fails to appoint an agent; (2) appointed agent cannot, with reasonable diligence, be found; or (3) insurer's certificate of authority is revoked.

A non-domestic insurer that fails to appoint an agent for service of legal process is subject to a fine of up to \$15,000 (CGS § 38a-2).

EFFECTIVE DATE: October 1, 2013

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/14/2013)